

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Price Changes
Rates of General Applicability

Docket No. CP2021-28

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO
THE POSTAL SERVICE NOTICE OF CHANGES IN RATES
OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(December 2, 2020)

I. INTRODUCTION

On November 17, 2020, the Commission issued a notice seeking comments on the Postal Service's proposed changes in rates of general applicability for competitive products.¹ The Postal Service's Notice in this matter proposes both rate and classification changes.² The Public Representative comments that follow first address the proposed rate changes and then the proposed classification changes.

II. RATE CHANGES

The Postal Service proposes price increases for the majority of the rates of general applicability for competitive products. The Commission reviews these rates pursuant to previously promulgated regulations, applicable to competitive products, which:

¹ Notice and Order Concerning Changes in Rates of General Applicability for Competitive Products, November 17, 2020. (Order No. 5754)

² United States Postal Service Notice of Changes in Rates of General Applicability for Competitive Products, November 16, 2020 (Postal Service Notice).

- Prohibit the subsidization of competitive products by market dominant products (See 39 U.S.C. § 3633(a)(1));
- Ensure that each competitive product covers its costs attributable (See 39 U.S.C. § 3633(a)(2)); and
- Ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service (See 39 U.S.C. § 3633(a)(3)).

39 C.F.R. part 3015.

The Public Representative's review focuses on the second requirement to ensure that each competitive product covers its attributable costs. Generally, if all (or substantially all) competitive products meet or exceed this requirement, the first and third requirements will likely be met. After review of the Postal Service Notice, Governors' Decision No. 20-5, and materials filed under seal, the Public Representative concludes that all competitive products affected by the proposed price changes appear to cover their attributable costs.

The Commission identified six Competitive products that did not cover attributable costs during the 2019 Annual Compliance Determination (ACD).³ Of those six products, several are related to International mail. In the Postal Service Notice, the Postal Service neglected to propose any rate increase for International products. The Public Representative concludes that even without these increases, International products should still cover costs as a whole and provide a satisfactory contribution to institutional costs. The Public Representative urges the Commission to further review these numbers in the Annual Compliance Determination Report.

The Public Representative notes that FY 2021 average price increases for some domestic competitive products are significantly less compared to FY 2019 and approximately on par with the previous year, FY 2020, barring a couple of exceptions. For instance, both Parcel Select *Lightweight* and Competitive Post Office Box saw large increases of twenty or more percent. The Address Enhancement Services product also

³ Docket No. ACR2019, Annual Compliance Determination Report at 3 & 70, March 25, 2020.

possessed a potential price increase range of up to one-hundred percent.⁴ Further, the Postal Service modified Parcel Select *Traditional* and now segments it.

Table 1 shows that average increases for the products the Postal Service elected to increase. The Public Representative notes that due to the lack of increase for International products, the section of the table pertaining to them has been omitted.⁵

Table 1
Average Price Increase (%), FY 2019 – FY 2021

Product Name	FY 2019	FY 2020	FY 2021*	Cumulative
Domestic Competitive Products				
Priority Mail Express	3.9	3.5	1.2	8.6
<i>Retail</i>	3.9	3.8	1.0	8.7
<i>Commercial Base</i>	3.9	2.2	2.5	8.6
<i>Commercial Plus</i>	3.9	2.2	2.5	8.6
Priority Mail	5.9	4.1	3.5	13.5
<i>Retail</i>	6.6	4.9	3.0	14.5
<i>Commercial Base</i>	3.2	2.8	3.6	9.6
<i>Commercial Plus</i>	6.2	3.0	4.5	13.7
Parcel Select			8.9	n/a
<i>Traditional</i>	9.3	2.5		n/a
<i>Destination Delivery Unit</i>			4.9	n/a
<i>Destination Sectional Center Facility</i>			10.7	n/a
<i>Destination Network Distribution Center</i>			9.7	n/a
<i>Lightweight</i>	12.3	4.2	20.0	36.5
Parcel Return Service	6.8	4.9	4.9	16.6
<i>Return Sectional Center Facility</i>	7.3	4.9	4.9	17.1
<i>Return Delivery Unit</i>	6.4	4.9	4.9	16.2
First-Class Package Service	12.3	2.6	6.2	21.1
<i>Retail</i>	13.3	3.9	4.8	22.0
<i>Commercial</i>	11.9	2.2	6.5	20.6
Retail Ground	3.9	3.9	3.0	10.8
Premium Forwarding Service Enrollment Fee	4.9-11.1	0.9-5.3	3.9-4.0	9.7-20.4
Adult Signature Service				
<i>Basic</i>	8.5	3.9	3.8	16.2
<i>Person-Specific</i>	8.3	3.6	3.6	15.5

⁴ See Order No. 5754, footnote 3, November 17, 2020, for the Commission's explanation as to how the upper end of this range is applicable.

⁵ To see past International increases, refer to Docket No. CP2019-3 and Docket No. CP2020-5.

Address Enhancement Services		0.4-3.8	3.7-100.0	n/a
Competitive Post Office Box	10.0	10.4	23.3	43.7
Package Intercept Service	4.8	3.9	4.1	12.6

*Proposed average increase presented in Order No. 5754 at 3.

Sources: Docket No. CP2019-3, Order No. 4854, Table I-1, October 11, 2018. Docket No. CP2020-5, Order No. 5272, Table I-1, October 10, 2019. Docket No. CP2021-28, Order No. 5754, Table I-1, November 17, 2020. Grayed cells refer to confidential or non-applicable information; therefore, cumulative figures were not calculated.

Table 1 also shows that Parcel Select *Lightweight* and Competitive Post Office Box have accumulated the highest average increases for the past three years. This is a product of their large increase in this Docket. The next largest increase has been in First-Class Package Service. The Public Representative views this and other trends found in Table 1 as noteworthy, but does not find them problematic with regards to their consistency with statutory requirements.

III. CLASSIFICATION CHANGES

The following classification changes appear within the Postal Service Notice:

Table II
Description of Product Changes, FY 2021

<u>Product Name</u>	<u>Description(s) of Changes</u>
Priority Mail Express	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).
Priority Mail	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).
Parcel Select	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).
Parcel Return Service	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).

First-Class Package Service	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).
Retail Ground	1. Add a \$100 fee that will be assessed on parcels found in the mailstream that exceed the maximum size limit (combined length and girth greater than 130 inches).
Competitive Ancillary Services	No stated product changes.

The introduction of a \$100 fee that will only be assessed on parcel found to be larger than the maximum size limit was the only major product change. Every other change was related to pricing, which is discussed above. As such, the introduction of this fee compelled the Commission to issue a Chairman's Information Request⁶ seeking further clarification. The Postal Service replied one week later stating that the purpose of the fee is "to act as a deterrent to customers who disregard mailing requirements."⁷ The Public Representative fully agrees with the reasoning behind this fee and commends the Postal Service for introducing measures that enhance conformity within the mail system that should ultimately lead to increased efficiency.

The Public Representative recognizes the wide latitude or authority that the Postal Service has to make classification changes, especially within the competitive arena. In this regard, the Public Representative does not find any inconsistencies with the changes described in Table II pursuant to 39 CFR 3020 subparts B and E.

The Public Representative respectfully submits these comments for the Commission's consideration.

Respectfully submitted,

⁶ Chairman's Information Request No. 1, question 1, November 19, 2020.

⁷ USPS Response to Chairman's Information Request No. 1, with Material Filed Under Seal, response to question 1, part e-f, November 25, 2020.

Docket No. CP2021-28 Representative Comments

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